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IN THE  
**Supreme Court of the United States**  
OCTOBER TERM, 1982

GEORGE W. PHILLIPPI and  
AVA PHILLIPPI, his wife,

*Petitioners,*

v.

BECHTEL ASSOCIATES PROFESSIONAL  
CORPORATION, D.C., et al.,

*Respondents.*

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**PETITION FOR WRIT OF CERTIORARI  
TO THE UNITED STATES COURT OF APPEALS  
FOR THE DISTRICT OF COLUMBIA CIRCUIT**

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### QUESTION PRESENTED

Whether an assignment pursuant to § 33(b) of the Longshoremen's and Harbor Workers' Compensation Act (LHWCA), 33 U.S.C. § 933(b) (1976), bars an employee's third-party action where there exists specific evidence that a complex insurance scheme creates a serious conflict of interest which not only undermines the equitable nature of § 33(b), but also violates the language and purpose of § 33(d) and § 33(e)(2) of the LHWCA?

# TABLE OF CONTENTS

	<u>Page</u>
QUESTION PRESENTED .....	i
OPINIONS BELOW .....	2
JURISDICTION .....	2
RELEVANT STATUTES .....	7
STATEMENT OF THE CASE .....	7
ARGUMENT .....	9
I. PETITIONERS' THIRD-PARTY ACTION SHOULD NOT BE BARRED PURSUANT TO § 33(b), 33 U.S.C. § 933(b) (1976), WHERE SPECIFIC EVIDENCE DEMONSTRATES THAT THE WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY'S (WMATA) COORDINATED INSURANCE PROGRAM (CIP) RESULTS IN A CONFLICT OF INTEREST WHICH WAS UNFORESEEABLE WHEN CONGRESS AMENDED § 33(b) .....	9
A. WMATA's CIP Frustrates the Equitable Nature of § 33(b) by Failing to Adequately Protect the Employer's Rights .....	9
B. To Bar Petitioners' Third-Party Claim Against Respondent, Bechtel, Would Violate the Language and Purpose of § 33(d), 33 U.S.C. § 933(d) (1976), and § 33(e)(2), 33 U.S.C. § 933(e)(2) (1976), of the Longshoremen and Harbor Workers' Compensation Act (LHWCA), 33 U.S.C. §§ 901-52 (1976) .....	16
CONCLUSION .....	19

Appendix A —	Order of the United States Court of Appeals for the District of Columbia Circuit Denying Rehearing . . . . .	1a
	Order of the United States Court of Appeals for the District of Columbia Circuit Denying Rehearing <i>En Banc</i> . . . . .	2a
Appendix B —	Judgment of the United States Court of Ap- peals for the District of Columbia Circuit . . . .	3a
Appendix C —	Memorandum Opinion of the United States District Court for the District of Columbia . . .	5a
Appendix D —	Deposition of George W. Phillippi . . . . .	8a
Appendix E —	Findings of Fact and Order of the Deputy Commissioner, Office of Workers' Compens- ation Programs . . . . .	11a
	Petitioner's Claim for Workmen's Compens- ation Benefits . . . . .	16a
	Medical Report of Dr. David B. Simon . . . . .	18a
	Plaintiff's Exhibit No. 8, Specifications of the Coordinated Insurance Program of the WMATA . . . . .	22a
Appendix F —	Agreement Among Washington Metropolitan Area Transit Authority, Lumbermen's Mutual Casualty Company, and National Loss Control Service Corpora- tion . . . . .	28a

## TABLE OF AUTHORITIES

<u>Cases:</u>	<u>Page</u>
<i>Caldwell v. Bechtel, Inc.</i> , 631 F.2d 989 (D.C. Cir. 1980) .....	8
<i>Caldwell v. Ogden Seas Transport, Inc.</i> , 618 F.2d 1037 (4th Cir. 1980) .....	14
<i>Czaplicki v. The Hoegh Silvercloud</i> , 351 U.S. 525 (1956) .....	11, 14, 15
<i>Pallas Shipping Agency, Ltd., v. Duris</i> , No. 85-502, slip op. (S. Ct. May 23, 1983) .....	14
<i>Potomac Electric Power Co. v. Wynn</i> , 343 F.2d 295 (D.C. Cir. 1965) .....	14
<i>Rodriguez v. Compass Shipping Co.</i> , 451 U.S. 596 (1981) .....	10, 11, 12, 13, 14
<i>Ryan Stevedoring v. Pan Atlantic S.S. Corp.</i> , 350 U.S. 124 (1956) .....	13
<i>Susino v. Hellenic Lines Ltd.</i> , 551 F. Supp. 1080 (E.D.N.Y. 1982) .....	14
 <u>Statutes:</u>	
28 U.S.C. § 1254(1) (1976) .....	3
Longshoremen's and Harbor Workers' Compensation Act, 33 U.S.C. §§ 901-52 (1976) .....	9, 16
33 U.S.C. § 904(a) (1976) .....	3
33 U.S.C. § 905(a) (1976) .....	3
33 U.S.C. § 933(b) (1976) .....	4, 9, 10, 11, 12, 13, 15, 18
33 U.S.C. § 933(d) (1976) .....	5, 16, 18

33 U.S.C. § 933(e)(2) (1976) .....	6, 16, 17, 18
33 U.S.C. § 933(e)(1)(A)-(D) (1976) .....	5, 17, 18
33 U.S.C. § 938(a) (1976) .....	6
D.C. Code §§ 36-501 to 36-502 (1973 ed.) .....	2, 9
33 U.S.C. § 933(a) (1927) (amended by Pub. L. 86-171, 73 Stat. 391 (Aug. 18, 1959)) .....	6, 11
33 U.S.C. § 933(b) (1927) (amended by Pub. L. 86-171, 73 Stat. 391 (Aug. 18, 1959)) .....	6, 8, 17

#### **Miscellaneous:**

H.R. 451, 86th Cong., 1st Sess. (1959) .....	12
Hearing Before a Special Subcommittee of the House Committee on Education and Labor on Bills Relating to the Longshoremen's and Harbor Workers' Compensation Act, 84th Cong., 2d Sess., 62 (May 23, 24, and June 11, 1956) .....	12
H.R. Rep. No. 229, 86th Cong., 1st Sess. (1959) .....	12
S. Rep. No. 58, 86th Cong., 1st Sess. (1959) <i>reprinted</i> <i>in</i> 1959 U.S. Code Cong. & Ad. News 2134, 2135 .....	13

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Petitioner respectfully requests that this Court grant a Writ of Certiorari to review the *Per Curiam* Decision of the United States Court of Appeals for the District of Columbia Circuit (No. 82-1615), dismissing Petitioner's appeal from an Order of Summary Judgment issued against him, and denying a Petition for Rehearing and/or Suggestion for Rehearing *En Banc*.

## OPINIONS BELOW

The District Court for the District of Columbia's Order of Summary Judgment, dated April 28, 1982, is unreported, but appears as Petitioners' Appendix C, pp. 5a-7a. The opinion of the Court of Appeals for the District of Columbia Circuit, dated February 24, 1983, from which certiorari is sought, is unreported, but appears as Petitioners' Appendix B, pp. 3a-4a. The order of the Court of Appeals for the District of Columbia Circuit, dismissing the Petition for Rehearing and/or Suggestion for Rehearing *En Banc*, dated March 30, 1983, is unreported, but appears as Petitioners' Appendix A, pp. 1a-2a.

## JURISDICTION

The Court of Appeals for the District of Columbia Circuit decided this case on February 24, 1983 (App. B). A timely Petition for Rehearing and/or Suggestion for Rehearing *En Banc* was filed on March 18, 1983, and denied on March 30, 1983 (App. A). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1) (1976).

## RELEVANT STATUTES

The relevant statutory provisions are as follows:

District of Columbia Code:

§ 36-501. Longshoremen's and Harbor Workers' Compensation Act As Made Applicable to the District of Columbia.

The provisions of the Longshoremen's and Harbor Workers' Compensation Act, including all amendments that may hereafter be made thereto, shall apply in respect to the injury or death of an



employee or an employer carrying on any employment in the District of Columbia, irrespective of the place where the injury or death occurs; except that in implying such provisions the term "employer" shall be held to mean every person carrying on any employment in the District of Columbia and the term "employee" shall be held to mean every employee of such person.

United States Code, Title 28:

§ 1254. Court of Appeals; Certiorari; Appeal; Certified Questions.

Cases in the courts of appeals may be reviewed by the Supreme Court by the following methods:

(1) By writ of certiorari granted upon the petition of any party to any civil or criminal case, before or after rendition of judgment or decree.

United States Code, Title 33:

§ 904(a). Liability for Compensation.

Every employer shall be liable for and shall secure payment to his employees of the compensation payable under sections 907, 908 and 909. In the case of an employer who is a subcontractor, the contractor shall be liable for and shall secure the payment of such compensation to the employees of the subcontractor unless the subcontractor has secured such payment.

§ 905(a). Exclusiveness of Remedy and Third-Party Liability.

The liability of an employer prescribed in section 904 shall be exclusive and in place of all other liability of such employer to the employee, his legal representative, husband or wife, parents,

dependents, next-of-kin, and anyone otherwise entitled to recover damages from such employer at law or in admiralty on account of such injury or death, except that if an employer fails to secure payment of compensation as required by this Act, an injured employee, or his legal representative in case death results from the injury, may elect to claim compensation under the Act, or to maintain an action at law or in admiralty for damages on account of such injury or death. In such action the defendant may not plead as a defense that the injury was caused by the negligence of a fellow servant, or that the employee assumed the risk of his employment, or that the injury was due to the contributory negligence of the employee.

§ 932(a)(1)(A). Security for Compensation

(a) Every employer shall secure the payment of compensation under this Act —

(A) By insuring and keeping insured the payment of such compensation with any stock company or mutual company or association, or with any other person or fund, while such person or fund is authorized under the laws of the United States or of any State, to insure workmen's compensation, and (B) by the Secretary, to insure payment of compensation under this Act.

§ 933(b). Compensation for Injuries Where Third Persons Are Liable.

Acceptance of such compensation under an award in a compensation order filed by the deputy commissioner or Board shall operate as an assignment to the employer of all right of the person entitled to compensation to recover damages against such third person unless such person shall commence an action against such third person within six months after such award.

**§ 933(d). Compensation for Injuries Where Third Persons Are Liable.**

Such employer on account of such assignment may either institute proceedings for the recovery of such damages or may compromise with such third person either without or after instituting such proceeding.

**§ 933(e)(1)(A)-(D). Compensation for Injuries Where Third Persons Are Liable.**

Any amount recovered by such employer on account of such assignment, whether or not as the result of a compromise, shall be distributed as follows:

(1) The employer shall retain an amount equal to-

(A) the expenses incurred by him in respect to such proceedings or compromise (including a reasonable attorney's fee as determined by the deputy commissioner or Board);

(B) the cost of all benefits actually furnished by him to the employee under section 907;

(C) all amounts paid as compensation;

(D) the present value of all amounts thereafter payable as compensation, such present value to be computed in accordance with a schedule prepared by the Secretary, and the present value of the cost of all benefits thereafter to be furnished under section 907, to be estimated by the deputy commissioner, and the amounts so computed and estimated to be retained by the employer as a trust fund to pay such compensation and the cost of such benefits as they become due, and to pay any sum finally remaining in excess thereof to the person entitled to compensation or to the representative.

**§ 933(e)(2). Compensation for Injuries Where Third Persons Are Liable.**

Any amount recovered by such employer on account of such assignment, whether or not as the result of a compromise, shall be distributed as follows:

. . . .

The employer shall pay any excess to the person entitled to compensation or to the representative, less one-fifth of such excess which shall belong to the employer.

**§ 938(a). Penalty for Failure to Secure Payments of Compensation.**

Any employer required to secure the payment of compensation under this Act who fails to secure such compensation shall be guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of not more than \$1,000, or by imprisonment; and in any case where such employer is a corporation, the president, secretary and treasurer thereof shall be also severally liable to such fine or imprisonment as herein provided for the failure of such corporation to secure the payment of compensation; and such president, secretary and treasurer shall be severally personally liable, jointly with such corporation, for any compensation or other benefit which may accrue under the said Act in respect to any injury which may occur to any employee of such corporation while it shall so fail to secure the payment of compensation as required by section 932 of this Act.

**§ 933(a) (amended by P.L. 86-171, 73 Stat. 391, Aug. 18, 1959).**

If on account of a disability or death for which

compensation is payable under this Act the person entitled to such compensation determines that some person other than the employer is liable in damages, he may elect, by giving notice to the deputy commissioner in such manner as the commission may provide, to receive such compensation or to recover damages against such third person.

§ 933(b) (amended by P.L. 86-171, 73 Stat. 371, Aug. 18, 1959).

Acceptance of such compensation shall operate as an assignment to the employer of all rights of the person entitled to compensation to recover damages against such third person, whether or not the person entitled to compensation has notified the deputy commissioner of his election.

#### STATEMENT OF CASE

Petitioner, George W. Phillippi, commenced the present third-party action against Respondents Bechtel on May 18, 1981 for respiratory injuries which were alleged to have been caused by the negligence of the Respondents. Petitioner was employed by several prime contractors as an underground worker on the Washington Metropolitan Area Transit Authority (WMATA) subway project during the years 1974-1979 (App. p. 9a). At the time of the diagnosis of his respiratory injuries on June 12, 1978, Petitioner was employed by the joint venture of Ball-Healy-Granite as a concrete foreman and shotcrete troubleshooter on the A6(b) Metro Subway Contract (App. p. 10a), where he came into contact with silica dust, shotcrete dust, diesel smoke and other injurious substances (App. p. 18a). Respondents Bechtel were under contract with WMATA to ensure compliance with all applicable safety regulations and codes at the WMATA construction sites. Respondents had the

responsibility to oversee safety compliance by WMATA contractors, such as Ball-Healy-Granite, and to provide overall direction and supervision of safety measures. See *Caldwell v. Bechtel, Inc.*, 631 F.2d 989 (D.C. Cir. 1980).

Subsequent to the diagnosis of his respiratory illness, Petitioner filed a workmen's compensation claim on June 23, 1978 against his employer, Ball-Healy-Granite (App. p. 16a). Under WMATA's Coordinated Insurance Program (CIP), WMATA provided workmen's compensation coverage and liability insurance for all its contractors (including Respondents Bechtel) and subcontractors (App. p. 22a), said insurance existing under a "wrap-up" policy with Lumbermen's Mutual Casualty Company (App. p. 29a). Lumbermen's Mutual, a subsidiary of Kemper Insurance Company, was selected by WMATA to provide all coverages, and thus, upon filing of the Petitioners' compensation claim, Lumbermen's Mutual undertook the defense of the claim for Ball-Healy-Granite. National Loss Control Service Corporation (NATLSCO), another Kemper subsidiary, was assigned the dual task of adjusting Metro subway claims and monitoring safety procedures in the construction of the Metro Transit System (App. p. 30a).

On September 4, 1980, a compensation award was entered by the Deputy Commissioner approving a lump sum settlement of the Petitioner's compensation claim (App. p. 11a). On May 18, 1981, the instant third-party action was commenced. Respondents Bechtel's liability coverage has been provided by Lumbermen's Mutual and adjusting services have been provided by National Loss Control Service Corp. On April 28, 1982, the District Court granted the Respondent's Motion for Summary Judgment, holding that the action was barred by 33 U.S.C. § 933(b) of the Longshoremen's and Harbor

Worker's Compensation Act, made applicable to the District of Columbia pursuant to 36 D.C. Code §§ 501-502 (1973 Ed.) (App. p. 5a). On February 2, 1983, the United States Court of Appeals for the District of Columbia Circuit rendered a *Per Curiam* Opinion affirming the judgment of the District Court (App. p. 3a). Petitioner subsequently filed a Petition for Rehearing and/or Suggestion for Rehearing *En Banc* which was denied on March 30, 1983 (App. pp. 1a, 2a).

## ARGUMENT

- I. PETITIONERS' THIRD-PARTY ACTION SHOULD NOT BE BARRED PURSUANT TO § 33(b), 33 U.S.C. § 933(b) (1976), WHERE SPECIFIC EVIDENCE DEMONSTRATES THAT THE WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY'S (WMATA) COORDINATED INSURANCE PROGRAM (CIP) RESULTS IN A CONFLICT OF INTEREST WHICH WAS UNFORESEEABLE WHEN CONGRESS AMENDED § 33(b).

### A. WMATA's CIP Frustrates the Equitable Nature of § 33(b), 33 U.S.C. § 933(b) (1976), by Failing to Adequately Protect the Employee's Rights.

Section 33(b) of the Longshoremen's and Harbor Workers' Compensation Act (LHWCA), 33 U.S.C. §§ 901-52 (1976), as applied to the District of Columbia, D.C. Code §§ 36-501 to 36-502 (1973 ed.), provides that:

Acceptance of such compensation under an award in a compensation order filed by the deputy commissioner or Board shall operate as an assignment to the employer of all right of the person entitled to compensation to recover damages against such third person unless such person shall commence an action against such third person within six months after such award.



### 33 U.S.C. § 933(b).

Petitioners concede that the language of this provision normally precludes a claimant from filing a claim after the six-month period which follows the date of claimant's compensation award. *Rodriguez v. Compass Shipping Co.*, 451 U.S. 596 (1981). Petitioners, however, argue that the instant case involves an insurance scheme which is so complicated as to warrant a more careful examination into the statutory mandate of § 33(b). More specifically, Petitioners note that strict compliance with the express language of § 33(b) in the instant case would yield a result contrary to Congress' intent in enacting the provision.

The legislative history of § 33(b) illustrates the equitable nature of this section in providing the employee with increased remedies for injuries. Prior to its amendment in 1938, § 33(b) limited an injured employee's remedy to *either* filing a third-party claim *or* receiving compensation from his employer. Section 33(b) clearly did not grant an employee the dual remedy of worker's compensation *and* recovery under a third-party claim. To eliminate the ultimatum which § 33(b) imposed on a claimant, Congress and this United States Supreme Court began modifying § 33(b) to provide the claimant with greater remedies. "In 1938, Congress amended [§ 33] to provide that the acceptance of compensation would operate as an assignment only if the payment was 'under an award in a compensation order filed by the Deputy Commissioner.'" *Rodriguez v. Compass Shipping Co.*, 451 U.S. at 604-605. This modification reduced the danger that an employee would make an election without knowledge of its consequences, but did nothing to mitigate the unfair consequences resulting from such an election. *Rodriguez*, 451 U.S. at 605.



In 1956, this Court initiated the revision of an injured employee's remedies under § 33(b) by allowing a third-party claim, despite the employee's acceptance of compensation under an award. *Czaplicki v. The Hoegh Silvercloud*, 351 U.S. 525 (1956). The Court based its ruling on the inherent conflict of interest which stemmed from the fact that both the employer and the third party allegedly responsible for the injury were insured by the Travelers Insurance Co. Consequently, by virtue of the employee's assigned right to the employer, the employer's insurance carrier would be responsible for prosecuting and defending a third-party claim. Due to the conflict between the assignee insurance company's interest in avoiding litigation and the employee's interest in recovering on a third-party claim, "the Court construed the Act to allow the Longshoreman to enforce the third-party claim in his own name." *Rodriguez*, 451 U.S. at 606. (citing *Czaplicki*, 351 U.S. at 531). Thus, this Court has looked beyond the express statutory language of § 33(b) where rigid application of the language would lead to an improvident result.

In the same year that *Czaplicki* was decided, "a House of Representatives Subcommittee conducted hearings on proposed legislation that ultimately evolved into the 1959 amendments to the [LHWCA]" *Rodriguez*, 451 U.S. at 609. The attorney who represented *Czaplicki*, Nathan Baker, Esquire, testified before the House Subcommittee concerning the proposed amendment, which would enable an employee to sue within six months following the receipt of a compensation award. Criticizing the unfair election imposed upon the employee by the language of § 33(b) as it was phrased at that time, Mr. Baker attacked the pre — 1959 version of § 33(b)<sup>1</sup> as "unnecessary, harsh, unjust

<sup>1</sup>As originally enacted, and until 1959, § 33(a) read:

"If on account of a disability or death for which compensation is payable under this Act the person entitled to such

and [thwarting] the *liberal intent and beneficial objectives of compensation legislation*." Hearings Before a Special Subcommittee of the House Committee on Education and Labor on Bills Relating to the Longshoremen's and Harbor Workers' Compensation Act, 84th Cong., 2d Sess. 62 (House Hearings). Accordingly, Mr. Baker preferred the proposed amendment because "it [would] simplify the existing law and make it more equitable." House Hearings, *supra*, at 60.

Three years later, Congress passed House Resolution (H.R.) 451, H.R. Res. 451, 86th Cong., 1st Sess. (1959), the predecessor of the 1959 amendments. The House and Senate reports accompanying H.R. 451 contain language evidencing the equitable nature of the 1959 amendments. The House of Representatives Report on H.R. 451, H.R. Rep. No. 229, 86th Cong., 1st Sess. (1959), explained that "[t]he purpose of H.R. 451 is to rectify a hardship which under the present law is suffered by harbor workers, longshoremen, and their survivors." H.R. Rep. No. 229, *supra*, at 1. Echoing the conclusions of the House, the Senate Report stated the purpose of the bill as revising

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compensation determines that some person other than the employer is liable in damages, he may elect, by giving notice to the deputy commissioner in such manner as the commission may provide, to receive such compensation or to recover damages against such third person." 44 Stat. (part 2) 1440.

The original § 33(b) provided:

"Acceptance of such compensation shall operate as an assignment to the employer of all right of the person entitled to compensation to recover damages against such third person, whether or not the person entitled to compensation has notified the deputy commissioner of his election." 44 Stat. (part 2) 1440.

Rodriguez, 451 U.S. at 604 nn. 14 & 15.

"section 33 . . . so as to permit an employee to bring a third-party liability suit without forfeiting his right to compensation." S. Rep. No. 58, 86th Cong., 1st Sess., 2 (1959), *reprinted in* 1959 U.S. Code Cong. & Ad. News 2134, 2135. Moreover, as the report specified "the principle would be applied with due recognition of the equities and rights of all who are involved." S. Rep. No. 58, *supra*, at 2. Lastly, the report noted that "[t]he bill as amended by the committee provides *greater protection to injured workers* and corrects defects in existing law. It carefully *protects the interests of all* who are involved and *balances the equities*." *Id.* (emphasis added). Thus, the legislative history of the 1959 amendments to § 33(b) supports Petitioners' argument that this Court should construe § 33(b) in accordance with the equitable nature of the 1959 amendments.

In 1972, Congress narrowed the basis for litigation stemming from third-party liability.<sup>2</sup> Despite the 1959 and 1972 amendments aimed at clarifying third-party liability, federal decisions went beyond the language of the 1959

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<sup>2</sup>The *Rodriguez* decision noted three ways in which the 1972 amendments narrowed the area of potential litigation under § 33.

First, the level of benefits was substantially increased, thereby increasing the likelihood that the statutory compensation recoverable without proof of fault would be adequate. Second, the shipowner's right to seek indemnity from the stevedore under *Ryan Stevedoring v. Pan Atlantic S.S. Corp.*, 350 U.S. 124 (1956) was eliminated, thereby removing a category of litigation from the courts, placing more definite limits on the stevedore's insurance costs, and removing a potential source of conflict between the interests of employers and employees. Third, the shipowner's nearly absolute liability for unseaworthiness was eliminated, thereby further narrowing the area of potential litigation and increasing the relative importance of statutory awards as the favored method of compensation.

*Rodriguez*, 451 U.S. at 616.

amendments and allowed third-party suits after the expiration of the six-month statutory assignment period. See *Caldwell v. Ogden Sea Transport, Inc.*, 618 F.2d 1037 (4th Cir. 1980) (holding that the employer retains a right after assignment to compel the assignee either to bring suit or to reassign the cause of action to the employee in response to a formal request to do so); *Potomac Electric Power Co. v. Wynn*, 343 F.2d 295 (D.C. Cir. 1965) (holding that a longshoreman who has accepted compensation may maintain a third-party action whenever it becomes evident that his employer has no intention to file suit on the assigned claim). In *Rodriguez v. Compass Shipping Co.*, this Court ruled that the language of § 33(b), as amended in 1959, was unequivocal and mandated that plaintiffs longshoremen were precluded from pursuing their third-party claims after assignment of the claims to their employers, despite the employers' failure to bring suit on the assigned claims. The *Rodriguez* decision noted that the 1959 amendments superseded the *Czaplicki* decision, and consequently, limited *Czaplicki* to its "peculiar facts", which occurred before the 1959 amendments. *Rodriguez*, 451 U.S. at 607. *Rodriguez*, however, did not overrule the *Czaplicki* decision.<sup>3</sup> The Court further held that the denial of Petitioners' third-party claim was consistent with the 1972 amendments' narrowing of potential litigation under the LHWCA. *Id.* at 616-17. Most importantly, the *Rodriguez* decision carved out an exception to its holding, which

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<sup>3</sup>This Court recently affirmed the continuing vitality of the *Czaplicki* decision in *Pallas Shipping Agency, Ltd. v. Duris*, No. 82-502, slip op. at 3 n. 1 (S. Ct. May 23, 1983). The Federal District Court for the Eastern District of New York has also cited *Czaplicki* as valid precedent for the proposition that an employee may sue its employer after the six-month statutory assignment period in certain conflict of interest situations. *Susino v. Hellenic Lines, Ltd.*, 551 F. Supp. 1080, 1083 (E.D.N.Y. 1982).

precludes "a longshoreman's third-party action if there is specific evidence of a serious conflict of interest Congress could not have foreseen when it enacted and amended § 33(b)" from being bound by the Court's decision. *Id.* at 618.

Petitioners submit that the CIP comes within this exception. The system-wide insurance scheme at issue in the present case goes beyond the scheme in *Czaplicki*. Presented in this case is a statutory provision requiring the employer to pay compensation insurance for its employees. Under the umbrella insurance scheme engineered by the Washington Metropolitan Area Transit Authority (WMATA), the Authority itself provides compensation coverage for all its contractors and even subcontractors. In enacting and amending § 33(b), Congress did not take into account a commercial venture incorporating the massive construction of the Metro subway system. Nor did Congress anticipate a venture which would lead to the creation of an insurance scheme which necessarily frustrates the rights given injured workers under §33(d) and § 33(e). The legislative history of the Act shows that Congress' overriding concern was with preserving the rights of the longshoremen. The CIP at issue here is designed to take some of the statutory rights away. In the instant case, the umbrella carrier, Lumbermen's Mutual, is the sole beneficiary of a § 33(b) assignment under the insurance scheme. The injured workers' post assignment rights simply perish. Since Lumbermen's Mutual also provides insurance for the third party, Bechtel, the carrier withholds prosecution of the assigned third-party claim which enables it to avoid further financial exposure. The resulting conflict of interest in the present case stems from a deliberate and mandatory insurance scheme, and goes beyond the conflict of interest in *Czaplicki* because it was deliberately created.

**B. To Bar Petitioner's Third-Party Claim Against Respondents, Bechtel, Would Violate the Language and Purpose of § 33(d), 33 U.S.C. § 933(d) (1976), and § 33(e)(2), 33 U.S.C. § 933(e)(2), of The Longshoremen's and Harbor Workers' Compensation Act, (LHWCA), 33 U.S.C. §§ 901-52 (1976).**

Petitioners contend that the carrier's failure to prosecute such an action not only interferes with Petitioners' rights under § 33(b), but also violates the language and purpose of other sections contained in the LHWCA. More specifically, the CIP dilutes the effect of § 33(d) and § 33(e)(2). As a result, Petitioners argue that Congress could not have foreseen a conflict of interest, such as that in the present case, which would circumvent the purpose of other provisions in the LHWCA.

Section 33(d) of the LHWCA states that "[s]uch employer on account of such assignment may *either* institute proceedings for the recovery of such damages *or* may compromise with such third person either without or after instituting such proceeding." 33 U.S.C. § 933(d) (emphasis added). Petitioners note that a strict interpretation of § 33(d) mandates that, upon assignment of the employer's claim, an employer must take some action to pursue the employee's third-party claim. Although § 33(d) does mandate some action by the employer, the language of this subsection is flexible in providing the employer with two means of pursuing the third-party claim: compromising with the third party or initiating a suit against the third party. In the present case, the CIP necessarily results in the abandonment of all third-party rights, since one deep pocket has been deliberately created by the plan. Thus, Congress' intent is necessarily frustrated since

Lumbermen's Mutual has no interest or intention of performing either of its statutory duties under § 33(d).

A second subsection, § 33(e)(2), 33 U.S.C. § 933(e)(2), further encourages the pursuit of the assigned claim by endowing the employer with a monetary interest in the employee's claim. Prior to the 1959 amendments, § 33(e)(2) merely required the employer to "pay any excess [recovery] to the person entitled to compensation or to the representative". 33 U.S.C. § 933(e)(2) (1927), *amended by* Pub. L. 86-171, 73 Stat. 391 (1959). Upon the enactment of the 1959 amendments, § 33(e)(2) was amended to read as follows: "The employer shall pay any excess . . . to the person entitled to compensation..., *less one-fifth of such excess which shall belong to the employer.*" 33 U.S.C. § 933(e)(2) (1976) (emphasis added). Thus, consistent with this equitable nature of the 1959 amendments, Congress added language which would encourage the employer to pursue an employee's third-party claim. In the event of recovery, the amended language rewards the employer with twenty percent (one-fifth) of that portion of the third-party recovery not already allocated to the employer under § 33(e)(1).<sup>4</sup>

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<sup>4</sup>Section 33(e)(1), which has not undergone any significant changes since its enactment in 1927, allows the employer to meet the expenses it pays as compensation and the cost it incurs in pursuing the employee's third-party claim. The section reads as follows:

(e) Any amount recovered by such employer on account of such assignment, whether or not as the result of a compromise, shall be distributed as follows:

(1) The employer shall retain an amount equal to-

(A) the expenses incurred by him in respect to such pro-



Contrary to the language and intent of § 33(d) and § 33(e)(2), WMATA's insurance scheme actually encourages the employer not to bring suit. Because WMATA's CIP is specifically designed to end the need for subrogation suits, the provisions of § 33(d) and § 33(e)(2) are made meaningless for all injuries which are covered by the plan. In amending § 33(b), Congress clearly could not have foreseen a scheme which undermines other subsections of § 33. The different provisions of § 33 can only be examined as a whole, for this section contains an entire network of checks and balances designed to protect *both* the interests of the injured worker and his employer. WMATA's insurance plan interferes with this statutory plan by rendering meaningless the provisions of § 33(d) and § 33(e), which protect the rights of the employee even after a statutory assignment under § 33(b).

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ceedings or compromise (including a reasonable attorney's fee as determined by the deputy commissioner or Board);  
 (B) the cost of all benefits actually furnished by him to the employee under section 907;

(C) all amounts paid as compensation;

(D) the present value of all amounts thereafter payable as compensation, such present value to be computed in accordance with a schedule prepared by the Secretary, and the present value of the cost of all benefits thereafter to be furnished under section 907, to be estimated by the deputy commissioner, and the amounts so computed and estimated to be retained by the employer as a trust fund to pay such compensation and the cost of such benefits as they become due, and to pay any sum finally remaining in excess thereof to the person entitled to compensation or to the representative.

33 U.S.C. § 933(e)(1)(A)-(D).



CONCLUSION

Petitioners, George and Ava Phillippi, respectfully request that this Court grant the Petition for a Writ of Certiorari.

Respectfully submitted,

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WILLIAM F. MULRONEY

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PETER J. VANGSNES

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JAMES M. HANNY

---

MICHELLE A. PARFITT  
2000 L Street, N.W.  
Suite 700  
Washington, D.C. 20036  
(202) 783-6400

*Attorneys for Petitioners*

**APPENDIX A**

**UNITED STATES COURT OF APPEALS  
FOR THE DISTRICT OF COLUMBIA CIRCUIT**

No. 82-1615

September Term, 1982

George W. Phillippi  
Ava Phillippi, his wife  
Appellants

Civil Action No. 81-01154

v.

FILED MAR 30 1983

GEORGE A. FISHER  
Clerk

Bechtel Associates Professional  
Corporation, D.C., et al

ARGUED 1-7-83

BEFORE: Robinson, Chief Judge; MacKinnon and  
Edwards, Circuit Judges

**ORDER**

On consideration of petitioners' petition for rehearing,  
filed March 18, 1983, it is

ORDERED by the Court that the aforesaid petition is  
denied.

*Per Curiam*

**FOR THE COURT:**

*George A. Fisher,*  
*Clerk*

**BY: /s/ Robert A. Bonner**  
**Robert A. Bonner**  
**Chief Deputy Clerk**

UNITED STATES COURT OF APPEALS  
FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 82-1615

September Term, 1982

George W. Phillippi,  
Ava Phillippi, his wife  
Appellants  
v.

Civil Action No. 81-01154

FILED MAR 30 1983

GEORGE A. FISHER  
Clerk

Bechtel Associates Professional  
Corporation, D.C., et al.

ARGUED 1-7-83

BEFORE: Robinson, Chief Judge; Wright, Tamm,  
MacKinnon, Wilkey, Wald, Mikva, Edwards,  
Ginsburg, Bork and Scalia, Circuit Judges

## ORDER

Petitioners' suggestion for rehearing *en banc* has been circulated to the full Court and no member of the Court has requested the taking of a vote thereon. On consideration of the foregoing, it is

ORDERED by the Court *en banc* that the aforesaid suggestion is denied.

*Per Curiam*

FOR THE COURT:

George A. Fisher,  
Clerk

BY: /s/ Robert A. Bonner  
Robert A. Bonner  
Chief Deputy Clerk

**APPENDIX B**

NOT TO BE PUBLISHED — SEE LOCAL RULE 8(f)

**UNITED STATES COURT OF APPEALS  
FOR THE DISTRICT OF COLUMBIA CIRCUIT**

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No. 82-1615

September Term, 1982

**GEORGE W. PHILLIPPI and  
AVA PHILLIPPI, his wife,  
Appellants,**

**v.**

**BECHTEL ASSOCIATES PROFESSIONAL  
CORPORATION, D.C., et al.,  
Appellees.**

Appeal from the United States District Court for the  
the District of Columbia.

Before: **ROBINSON, MacKINNON and EDWARDS,**  
Circuit Judges.

**JUDGMENT**

This cause came on to be heard on the record on appeal  
from the United States District Court for the District of  
Columbia and was briefed and argued by counsel.

The issues presented have been accorded full considera-  
tion by the court; they occasion no need for an opinion.  
*See Local Rule 13(c).*

On consideration of the foregoing, it is **ORDERED** and  
**ADJUDGED** that the judgment of the District Court ap-  
pealed from in this cause is hereby affirmed for reasons set  
forth in the Memorandum of the District Court filed on  
April 28, 1982.

It is FURTHER ORDERED that the Clerk shall withhold issuance of the mandate herein until seven days after disposition of any timely petition for rehearing. *See* Local Rule 14, as amended on November 30, 1981 and June 15, 1982.

Per Curiam

For the Court

/s/ George A. Fisher  
George A. Fisher

Bills of costs must be filed within 14 days after entry of judgment. The Court looks with disfavor upon motions to file bills of costs out of time.

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## APPENDIX C

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

GEORGE W. PHILLIPPI, and	)	
AVA PHILLIPPI, his wife,	)	
Plaintiffs,	)	
	)	
v.	)	Civil Action No. 81-1154
	)	
BECHTEL ASSOCIATES	)	
PROFESSIONAL CORPORATION,	)	
D.C., <i>et al.</i> ,	)	
Defendants.	)	
	)	

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## MEMORANDUM

Plaintiffs are husband and wife. While employed by Ball-Healey-Granite Corporation ("B-H-G") as a mining foreman at a Washington Metropolitan Area Transit Authority ("WMATA") construction site, plaintiff suffered disabling injuries, and obtained a workmen's compensation award pursuant to 36 D.C. Code § 501 (1973 ed.). Defendants ("Bechtel") are firms that had contracted to ensure job safety at work sites where plaintiff was employed. Under governing provisions of Longshoremen's and Harbor Workers' Compensation Act, 33 U.S.C. § 933(b), a worker receiving an award assigns any claim for his injuries against a third party to his employer, unless he commences suit against the third party within six months of the award. Undisputed facts show that plaintiff did not commence this action against Bechtel until after the six-month period had expired. The matter is now before the Court on defendants' motion for summary judgment. The principal ground of defendants' motion, and the only one the Court must reach, is that plaintiffs' claims are barred by the statute of limitations embodied in 33 U.S.C. § 933(b).

For reasons stated by Judge Flannery in *Jenkins v. Bechtel Associates Professional Corporation*, Civil Action No. 81-2236 (D.D.C., Feb. 23, 1982), plaintiff's claim is time-barred by Section 33(b) of the Longshoremen's and Harbor Workers' Compensation Act because plaintiff did not bring this suit until more than six months after he received a compensation award. *Rodriguez v. Compass Shipping Co., Ltd.*, 101 S.Ct. 1945 (1981); cf. *Czaplicki v. The Hoegh Silvercloud*, 351 U.S. 525 (1956).

Plaintiff seeks to distinguish *Jenkins* and *Rodriguez* on the theory that this controversy presents "unusual conflict of interest problems, such as . . . identified in *Czaplicki* . . ." *Rodriguez v. Compass Shipping Co., Ltd.*, *supra*, 101 S.Ct. at 1955 n. 30. Discovery conducted by plaintiff by leave of Court disclosed that WMATA had contracted with National Loss Control Service Corporation, as well as defendants, for supervision of job safety during construction of WMATA's subway project and to adjust workmen's compensation claims. In furtherance of this workmen's safety program WMATA paid the premiums for both workmen's compensation and liability insurance for all of the contractors, including plaintiff's employer and Bechtel. The same carrier covered the workmen's compensation and liability insurance for WMATA and its contractors, including B-H-G and Bechtel. The carrier was aware of defendants' role *vis a vis* plaintiff by virtue of its processing of workmen's compensation claims through National Loss Control Service Corporation.

Plaintiff contends that his workmen's compensation claim was filed and pursued without knowledge that defendants had a responsibility with respect to the injury and, more important, that defendants, through the nexus of National Loss Control Service Corporation, knew of their responsibility to plaintiff and withheld that

knowledge . He claims he was unaware of his potential rights against defendant until April 1981, and that defendants constructively concealed from him the existence of his claim against them. These "extraordinarily complex contractual arrangements," he argues, created a conflict of interest which tolled the statute of limitations. See *Rodriguez v. Compass Shipping Co., Ltd.*, *supra*, 101 S.Ct. at 1955 n. 30.

While the arrangements appear complex, there is no suggestion that their complexity was a product of any ulterior motive. They are a side-effect of an ordinary business necessity of a large undertaking. Moreover, there is no authority for the plaintiff's contention that the defendants, National Loss Control Service Corporation or the insurance carrier had any legal duty to inform plaintiff about evidence of the role of the insured defendants. *Cf. Caldwell v. Bechtel*, 631 F.2d 989 (D.C. Cir. 1980).

Accordingly, an accompanying Order will grant defendants' motion for summary judgment.\*

/s/ Louis Oberdorfer  
UNITED STATES DISTRICT JUDGE

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\*Plaintiffs' argument that Mrs. Phillippi's claims are not precluded even if her husband's claims are barred is inconsistent with 33 U.S.C. § 905(a), which appears to make a spouse's claims under the Act derivative of those of the injured worker. *Cf. Smither & Co. v. Coles*, 100 U.S.App.D.C. 68, 72-73, 220 F.2d 220, 224-25, *cert. denied*, 354 U.S. 914 (1957).



## APPENDIX D

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

GEORGE W. PHILLIPPI, and	)	
AVA PHILLIPPI, his wife,	)	
Plaintiffs,	)	
	)	
vs.	)	Civil Action No. 81-1154
	)	
BECHTEL ASSOCIATES	)	Judge Oberdorfer
PROFESSIONAL CORPORATION,	)	
D.C., <i>et al.</i> ,	)	
Defendants.	)	
	)	

---

Washington, D.C.  
Friday, March 12, 1982

Deposition of:

GEORGE W. PHILLIPPI,

a plaintiff, called for examination by Defendants and Third-Party Plaintiffs, pursuant to Notice and agreement of the parties as to time and date, beginning at approximately 10:00 o'clock, a.m., in the law offices of Macleay, Lynch, Bernhard, Gregg & Attridge, Esquires, 1625 K Street, Northwest, Washington, D.C. 20006, before Carol J. Thomas, a Notary Public in and for the District of Columbia, when were present on behalf of the respective parties:

\* \* \*

A. No, sir.

Q. So, you were in pretty good health up until — A. This just lasted — it was more or less temporary. After I took the medicine it got better, and I didn't really have a whole lot of trouble after that until later on until I had — well, later on I had trouble.

Q. In 1976 did you have a regular physician? A. No, sir, not really.

Q. Where you live do you have a regular physician? A. Dr. Marinus is a doctor that I use. That's in Fries, Virginia.

Q. How long have you been under the care of Dr. Marinus? A. Well, I could probably say — you know, when I use a doctor — well, I guess when I've been home, I guess I could say, for the last 10 years off and on.

Q. But, you try to stay out of the doctor's office? A. I try.

Q. What about physical examinations? Do you have regular physical examinations? A. I've had several the last few years.

Q. When did you first come up here to start work on the Metro? A. It was in '74, I think.

Q. Do you recall when you had a physical exam in either 1974 or before that? A. I'm not sure. I think I had a physical before I started the job for Ball-Healy. I think they required a physical.

Q. Do you recall what doctor performed the physical for Ball-Healy? A. No, sir, I don't. I'm not sure. I'm just saying that I think we had a physical before we started the job. I'm not saying for sure, and I'm not — I wouldn't say for sure, but I think it was at a clinic here somewhere, Workmen's Clinic, or something like that maybe.

Q. That would be sometime in 1974? A. Yes, I would say '74.

Q. After '74, when is the next time you had a regular physical examination? A. Well, that would be actually hard to say. I can't recall.

Q. While you were working for Ball-Healy did you ever ask them to arrange for a physical exam for you?  
A. No, I never asked them to.

\* \* \*

A. February of '80.

Q. Excluding a couple of months? A. Excluding about two or three months.

Q. During that whole period of time were you a concrete foreman? A. That was my — they classified me as a concrete foreman, and then after I finished that crossover I went to work as a shotcrete troubleshooter, and I kept the same title, but my work was with shotcrete then.

Q. The shotcrete operation that you were troubleshooting was in the stations; is that right? A. It was in the stations.

Q. You worked in all three? A. Right.

Q. You started working in Cleveland Park; is that right? A. Cleveland Park — like I say, that's where I worked — I worked at all three of them. I would spend like two or three hours in each one of the stations there troubleshooting, helping with the equipment if the equipment went down, or helped the nozzlemen try to — if they had any problems.

I wasn't classified as a foreman, but I was drawing foreman's pay. I wasn't a foreman then.

Carol J. Thomas, R.P.R.  
Stenotype Reporting Service  
3162 Musket Court  
Fairfax, Virginia 22030  
273-9221 — 273-9222

**APPENDIX E**

**U.S. DEPARTMENT OF LABOR**  
**Employment Standards Administration**  
**Office of Workers' Compensation Programs**

GEORGE W. PHILLIPPI

Claimant **COMPENSATION ORDER**

v.

**APPROVAL OF AGREED  
 SETTLEMENT –  
 Section 8(i)(A)**

TRAYLOR BROTHERS & BALL-  
 HEALY-GRANITE

Employer **CASE NOS. 126207, 131186,  
 126918 and 125864**

LUMBERMEN'S MUTUAL  
 CASUALTY COMPANY

Insurance Carrier

Pursuant to agreement and stipulation by and between the interested parties, and such further investigation in the above entitled claim having been made as is considered necessary, and no hearing have been applied for by any party in interest, or considered necessary by the Deputy Commissioner, the Deputy Commissioner makes the following:

**FINDINGS OF FACT**

1. In September, 1975, the claimant, George W. Phillippi, alleges that he injured his shoulder in the course of his employment with Traylor Brothers S & M. No report of injury was made, and no doctors were seen as a result of this injury.

2. On April 10, 1978, the claimant injured his back in the course of his employment with Ball-Healy-Granite. Claimant missed work from May 15, 1978 through July 26, 1978. Compensation was paid based upon an average weekly wage of \$646.38 per week. The claimant returned to his regular employment following this injury.

3. On June 12, 1978, the claimant was found to have restrictive pulmonary impairment of approximately 10% by Dr. David Simon. Dr. Simon at that time recommended that the claimant not work underground as a miner since smoke and dust was an aggravating factor and would only cause his lung condition to deteriorate. Since that time, claimant has continued to work at his regular employment but has worked above ground. Claimant has lost considerable amounts of overtime because he no longer works in the tunnel.

4. On October 27, 1978, the claimant was found to have a hearing loss which Dr. Max Fischer stated was work-related. With regard thereto, Doctors Richard Israel and Sidney Jaffee find no compensable hearing loss as a result of the tests they performed.

5. The liability of both employers for compensation under the Act was insured by Lumbermen's Mutual Casualty in all of the above injuries.

6. Under these circumstances, the employer has agreed to pay, and the claimant has agreed to accept, a lump sum of \$60,000.00 in settlement of the above-captioned workmen's compensation cases. Said amount is in addition to amounts previously paid.

7. The parties believe that the said agreed settlement is being made in his best interests.

8. The parties further agree that the said settlement is being made without prejudice to the claimant's right to continue to receive medical services for any conditions which are causally related to his injuries above-mentioned.

9. The Deputy Commissioner, pursuant to the authority vested in her in Section 8(i)(A) of the Longshoremen's and Harbor Workers' Compensation Act, as amended,

finds that it is in the best interest of the employee, approves the agreed settlement, and effects a final disposition of his claim, discharging the liability of the employer and insurance carrier for such compensation.

10. An attorney's fee in the amount of \$12,325.00 including \$850.00 for medical bills, is hereby approved in favor of the firm of Ashcraft & Gerel. This fee is payable out of compensation due the claimant.

### ORDER

It is ORDERED that the employer and insurance carrier shall pay forthwith all amounts due in accord with the settlement agreement.

Given under my hand and filed at  
Washington, DC this 4th day of  
September, 1980

/s/ Janice V. Bryant  
JANICE V. BRYANT  
40th Compensation District

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## CERTIFICATE OF FILING AND SERVICE

I certify that on September 4, 1980 the foregoing Compensation Order was filed in the Office of the Deputy Commissioner, 40th Compensation District and a copy thereof was mailed on said date by certified mail to the parties and their representatives at the last known address of each as follows:

George W. Phillippi, 6018 Vista Drive  
Falls Church, Virginia 22041

---

Claimant

Lumbermen's Mutual Casualty, 8316 Arlington  
Boulevard, Fairfax, Virginia 22030

---

Insurance Carrier or Employer (if self-insured)

---

A copy was also mailed by regular mail to the following:  
Director, Office of Workers' Compensation Programs,  
(LHWCA), U.S. Department of Labor,  
Washington, D.C. 20211

William F. Mulroney, Esquire  
2101 L Street, NW, Suite 303  
Washington, DC 20037

Thomas G. Hagerty, Esquire  
#22 W. Jefferson Street  
Rockville, Maryland 20850

/s/ Janice V. Bryant  
JANICE V. BRYANT  
Deputy Commissioner  
40th Compensation District  
U.S. Department of Labor  
EMPLOYMENT STANDARDS  
ADMINISTRATION  
Office of Workers' Compensation  
Programs

If any compensation, payable under the terms of an award, is not paid within ten days after it becomes due, there shall be added to such unpaid compensation an amount equal to 20 percent thereof. The ad-

**15a**

ditional amount shall be paid at the same time as, but in addition to, such compensation.

The date compensation is due is the date the Deputy Commissioner files the decision or order in his office.

**FORM LS-19a**  
**Sept. 1974**



Office of the Deputy Commissioner  
U.S. Department of Labor  
Office of Workers' Compensation Programs  
1717 K Street, N.W.  
Washington, D.C. 20211

RE: File No. \_\_\_\_\_  
Claimant George W. Phillippi, Jr.  
Employer Ball-Healy-Granite  
Accident Date June 12, 1978

Gentlemen:

This is to notify you that I am hereby making claim for workmen's compensation benefits and am filing this claim with you in accordance with Sections 13 and 19 of the Longshoremen's and Harbor Workers' Compensation Act, as extended, by the District of Columbia Workmen's Compensation Act.

I was injured while I was working at Shaft #4, Connecticut Avenue, N.W.

The accident occurred when I was exposed to dust

I sustained the following injuries: lungs

Please be advised that I have retained Ashcraft, Gerel & Koonz to represent me in this claim, and it is understood

that any attorney's fee will be approved by the Office of  
Workers' Compensation Programs.

Very truly yours,

Date: June 23, 1978

/s/ George W. Phillippi, Jr.  
Claimant

Attorney handling case:

— Lee C. Ashcraft  
— Joseph H. Koonz, Jr.  
— James A. Mannino  
— Mark L. Schaffer  
— Robert B. Adams  
— Wayne M. Mansulla  
— James F. Green  
— <sup>xxx</sup> William F. Mulroney  
— Carolyn M. Endress  
— David M. LaCivita

ASHCRAFT, GEREL & KOONZ  
Attorneys at Law  
2101 L Street, N.W., Suite 303  
Washington, D.C. 20037  
Telephone: 783-6400

HAROLD M. SILVER, M.D., P.C.  
DAVID B. SIMON, M.D.  
1601 - 18TH STREET, N.W.  
WASHINGTON, D.C. 20009

TELEPHONE 667-0134

June 12, 1978

William F. Mulroney  
Ashcraft, Gerel & Koonz  
2101 L Street, N.W.  
Washington, D.C. 20037

RE: George W. Phillippi, Jr.

Dear Mr. Mulroney:

Mr. Phillippi was seen for evaluation on June 2, 1978. He is a thirty-one year old white male with a COMPLAINT of sneezing and coughing of one year duration. He has discomfort in the center of his chest on coughing and has been raising black sputum for over one year. He denies any shortness of breath. There is no past history of pneumonia, asthma or tuberculosis. He has no known allergies. He is employed in underground construction, primarily as a concrete and shotcrete foreman. He is currently working for Ball, Healy, and Granite on the Connecticut Avenue Metro project. He has been employed there for about one year. Previously, he was with S & M Construction doing similar work. Besides exposure to concrete and shotcrete, he is also exposed to other tunnel dusts, such as rock dust and diesel smoke. He occasionally wears a respirator, but finds that it impairs his breathing and it has also caused a rash on his face. He has been doing similar construction work for about ten years. About one year ago, he was told of having a "lung infection" and was treated as an out-patient by the Jefferson Community Hospital in Arlington. He currently is taking no medications. He is a non-smoker. He has been off work for

approximately three weeks, secondary to a back injury sustained during a fall. He was born in Wood County, Virginia, and has no farm or factory exposure.

**PERSONAL HISTORY:** Has a high school education. Was in the service from 1966-1967, stationed in the United States, mostly in Oklahoma. He is married, has two children, ages 9 years and 10 months. Drinks no alcohol; follows no special diets; has been sleeping poorly recently, due to his back injury. His weight is fairly stable at 200 pounds.

**FAMILY HISTORY:** Mother 68 years old, alive and well; father 58 years old, in fair health, is under treatment for diabetes. Four brothers and three sisters, are alive and well.

**PAST MEDICAL HISTORY:** Usual childhood diseases, denies rheumatic fever and scarlet fever. No surgery; sustained a neck injury about two years ago.

**REVIEW OF SYSTEMS:** Denies headaches.

Eyes: Without complaint.

Ears: Decreased hearing bilaterally.

Gastrointestinal: Treated for a nervous stomach as a teenager.

Neuromuscular: Dislocated right shoulder three years ago, but did not seek medical attention.

**PHYSICAL EXAMINATION:** Well-developed, over weight white male in no distress; alert and cooperative. Temperature 98.6; pulse 72; respirations 16; blood pressure, right arm 130/90, left arm 130/90; weight 209 pounds; height 69".

Skin: Warm, moist, no lesions.

**Head, eyes, ears, nose and throat:** Within normal limits.

**Neck:** Supple, no lymphadenopathy; carotid pulses equal. Thyroid within normal limits.

**Heart:** Regular rhythm, 72 per minute. No murmur, rub or gallop.

**Lungs:** Clear to percussion and auscultation.

**Abdomen:** Flat, soft, nontender. Liver, spleen and kidneys not palpable; no masses.

**Extremities:** Pulses within normal limits. No clubbing or edema.

**Bones and joints:** Within normal limits.

**Neurologic:** Within normal limits.

#### **LABORATORY DATA:**

**Urine analysis:** Appearance amber clear, specific gravity 1.020; pH 7; albumen negative; glucose negative; microscopic negative.

**Hemoglobin:** 17.4; hematocrit 51.6; WBC 5,900; segs 54; lymphs 36.

**SMA-12:** Showed all values within normal limits except bilirubin which measured 1.7 milligrams %.

**ELECTROCARDIOGRAM:** Rhythm sinus; rate 58 per minute; PR interval 0.16 seconds; QRS duration 0.07 seconds; QT intervals 0.42 seconds. Interpretation: Within normal limits.

**CHEST X-RAY:** The heart is of normal size and configuration with a CT radio of 15/32. The right hemidiaphragm is elevated, the lung fields appear clear.

**PULMONARY FUNCTION TESTING:** Performed with a fairly good degree of cooperation. The vital capac-

ity is mildly reduced, the timed vital capacities are within normal limits and the maximum voluntary ventilation is moderately reduced. Post-bronchodilator: there is no significant change in the values measured. Interpretation: mild restrictive impairment.

IMPRESSIONS: (1) Chronic bronchitis

(2) Restrictive pulmonary impairment of undetermined origin; rule out pneumoconiosis.

COMMENT: Mr. Phillippi has a history consistent with chronic bronchitis for the past year, namely daily cough productive of sputum. Since he is a non-smoker and has no allergic background, it appears most likely that this is a result of the various dust and exhaust irritants to which he is exposed at work. Of some concern is the finding of mild restrictive impairment on pulmonary function testing. This may be due to his moderate overweight condition, but at his age this is usually not the case. There were no findings on x-ray diagnostic of pneumoconiosis; however, at an early stage there may be no findings on x-ray, but this degree of pulmonary impairment seems somewhat out of proportion. Perhaps this would be best evaluated by a loss of weight and repeat pulmonary function in some four-to-six months.

Thank you for referring Mr. Phillippi for evaluation.

Sincerely yours,

/s/ David B. Simon

David B. Simon, M.D.

DBS:rss

**PLAINTIFF'S EXHIBIT #8  
C.A. #82-1030**

**SPECIFICATIONS  
OF THE  
COORDINATED INSURANCE PROGRAM  
OF  
WASHINGTON METROPOLITAN AREA  
TRANSIT AUTHORITY  
(November 1973 Edition)**

**INTRODUCTION**

The Coordinated Insurance Program is a method of guaranteeing that all contractors and subcontractors of whatever tier and the Washington Metropolitan Area Transit Authority are covered for Statutory Workmen's Compensation-Employer's Liability Insurance (D.C. benefits), Comprehensive General Liability, including Products Insurance & All Risk Builders Risk Insurance. These policies DO NOT cover automobile liability insurance, and this coverage must be secured by the contractor at his own expense and through his own efforts. Appendices A, B & C of this document provide the primary policies of the Coordinated Insurance Program made available to contractors and subcontractors by WMATA. Excess policies, referred to on Page 4, Section C, are also purchased by WMATA. Copies are available for inspection at the offices of Metro Insurance Administrators. The contractors may, at their own expense and effort, obtain any other insurance they deem necessary.

Insurance premium costs for the coverages provided are paid by WMATA and contractors are expected to recognize this fact when submitting their bids.

Any questions pertaining to these Insurance Specifications should be directed to:

Director  
Metro Insurance Administrators  
955 N. L'Enfant Plaza, S.W., Suite 6077  
Washington, D.C. 20024

Telephone: 202, 484-3166

- C. *Excess Liability Insurance* — \$45,000,000 each accident or occurrence/\$45,000,000 annual aggregates in excess of the underlying limits and terms as set forth in Appendices A and B and limits available to the Washington Metropolitan Area Transit Authority under certain other policies. Regardless of the amount of any claim for damages; the number of insureds covered; or the number of underlying policies, the total limit of the excess coverage provided shall not exceed \$45,000,000 for all damages arising out of one accident or occurrence.
- D. *Builders Risk Insurance* — limit of \$30,000,000 in the form and subject to the provisions of Appendix C. The portion of any loss falling within the deductible provisions specified in Appendix C will be self-insured by the Authority for the benefit of all insureds under the Authority's insurance policies, except that the Contractor and/or his subcontractor(s) will be responsible for the first \$10,000 of any claim(s) arising out of one occurrence in which the Contractor and/or his subcontractor(s) have an insurable interest.  
*See Appendix C for full policy wording*
- E. *Railroad Protective Liability Insurance* — as required and in connection with a contractor's performance on railroad property under his contract. *NOTE:* Certificates of Insurance evidencing the above coverages will be issued as required on behalf of those contractors and subcontractors covered by the policies.



## SPECIAL PROVISIONS OF THE INSURANCE PROGRAM

- A. Contractor shall, within 60 days after the award of the contract, supply the Contracting Officer with a lump sum estimate of all wages, *excluding fringe benefits*, to be reported under the Davis-Bacon Act (40 U.S.C. 276-a(7)) during the performance of this contract including wages of the contractor and subcontractor of any tiers.
- B. The insurance by WMATA (except for the All Risk Course of Construction Insurance) applies only to the operations of, and for, each contractor at and from the construction site and any other approved site. It does not apply to the operations of any contractor in his regularly established main or branch office, factory, warehouse, or similar place nor to any employees of such operations.
- C. Loss, if any, covered by All Risk Course of Construction Insurance is to be made adjustable with and payable to the Authority.
- D. The Authority reserves the right to change the terms and conditions of its Insurance Program, provided, however, that no changes may be made which, in the opinion of the Authority, substantially reduce the coverage set forth in these Insurance Specifications.
- E. If any insurance company providing coverage cancels such insurance, the Authority shall give all contractors insured thirty (30) days written notice of cancellation. In the event of such cancellation, the Authority shall, at its option, at least five days prior to the effective date of cancellation:
  - procure alternate insurance coverage for the policy

or policies cancelled; or require contractor to procure and maintain alternate insurance coverage for the policy or policies cancelled, the amounts, policy wording and insurance company shall be satisfactory to the Authority. Authority will reimburse contractor for the actual premiums for contractor's alternate insurance coverage. In the event of such cancellation, these Insurance Specifications shall remain in full force and effect except for those portions which in the opinion of the Authority, conflict with said alternate insurance coverage.

- F. Assignment — Upon the request of the Contracting Officer, the contractor and each of his subcontractors shall execute an assignment for the benefit of the Authority, in a form to be approved by the Authority, of any return premiums, premium refunds, dividends and any other moneys due or to become due in connection with the insurance which the Authority herein agrees to provide.
- G. There is no other type of insurance and no higher limits than those described herein. Any increase in limits of liability or any other type of insurance not described above which the contractor or any of his subcontractors obtain for their own protection or because of statute shall be their own responsibility and at their own expense.
- H. The contractor and his subcontractors shall cooperate with and assist in every possible manner the representatives of the Authority, its consultants, insurance representatives and the insurers of the policies described in the Specifications with respect to:
  - 1. The implementation of the Authority's Coordinated Safety and Loss Control Program; and

2. The adjustment of all claims arising out of operations within the scope of the contract, including the litigation of such claims.

- I. The contractor shall at all times cooperate with and assist the insurance companies issuing any of the policies of insurance mentioned in the Specifications in the preparation of all necessary pertinent payroll audits for the purpose of developing and determining all premiums thereunder, and shall keep records relating to the contract work in such manner that said records can readily be separated from other work the contractor is doing. In order to enable the Authority to verify the premiums to be developed by the insurance companies, the contractor shall make available to insurance company's auditors, at the construction site, all payroll data for the contract work for the period being audited.
- J. The provisions of the Insurance Specifications as described shall apply to the contractor and his subcontractors of any tier, and these Insurance Specifications shall be incorporated in any contract or agreement between the contractor and subcontractors of any tier who perform work under this contract.
- K. Prime Contractors are required to notify the Metro Insurance Administrators (MIA) of the award of any subcontract of whatever tier for the performance of operations at construction site. The notices to MIA should be made on Prime Contractor's letterhead, numbered consecutively, follow the form and contain the information as outlined below:

## LETTERHEAD OF PRIME CONTRACTOR

Metro Insurance Administrators  
955 N. L'Enfant Plaza, Suite 6077  
Washington, D.C. 20024

Re: WMATA Prime Contract No.\_\_\_\_  
Letter Number \_\_\_\_\_  
Notice of Contract Award and  
Request for Insurance

Gentlemen:

A contract has been awarded to the contractor named  
below:

NAME OF CONTRACTOR: \_\_\_\_\_

ADDRESS OF CONTRACTOR: \_\_\_\_\_

TYPE OF WORK: \_\_\_\_\_

REPRESENTATIVE: \_\_\_\_\_ TELEPHONE NO. \_\_\_\_\_

DATE OF CONTRACT: \_\_\_\_\_

ESTIMATED CONTRACT AMOUNT: \_\_\_\_\_

PROBABLE STARTING DATE: \_\_\_\_\_

Please send Certificates of Insurance or policies evidenc-  
ing coverage to the above named contractor.

PRIME CONTRACTOR

By \_\_\_\_\_

**APPENDIX F****AGREEMENT****Among****WASHINGTON METROPOLITAN AREA  
TRANSIT AUTHORITY,****LUMBERMENS MUTUAL CASUALTY COMPANY,****and****NATIONAL LOSS CONTROL SERVICE  
CORPORATION**

Agreement made as of the 30th day of July, 1971, among Washington Metropolitan Area Transit Authority, a public authority ("WMATA"), Lumbermens Mutual Casualty Company, an Illinois mutual insurance company ("LMC"), and National Loss Control Service Corporation, an Illinois corporation ("NATLSCO").

*Witnesseth:*

*Whereas*, WMATA issued specifications for a Coordinated Insurance Program dated April, 1971; and

*Whereas*, in response thereto LMC submitted to WMATA and Metro Insurance Administrators (MIA) a proposal (attached as Appendix A hereto) to provide workmen's compensation and general liability insurance, at a price and upon terms therein stated; and

*Whereas*, NATLSCO submitted to WMATA and MIA a proposal (attached as Appendix D hereto) to provide workmen's compensation and general liability insurance claim and loss control service at a price and upon terms therein stated; and

*Whereas*, WMATA desires to accept the said proposals of LMC and NATLSCO,

*Now, Therefore,* in consideration of the mutual promises herein contained, the parties hereto agree as follows:

#### SECTION A. LMC AGREES:

1. To provide workmen's compensation insurance and general liability insurance in substantial conformity with WMATA's specifications above described, subject to the terms stated in LMC's proposal set forth in Appendix A hereto. Policies for such insurance shall be issued to become effective at 12:01 A.M., EDT, July 30, 1971 unless otherwise agreed upon by the parties hereto. The premium for such insurance shall be calculated and paid in the manner set forth in Appendix A hereto.

2. To include Bechtel Corporation as an insured under the workmen's compensation and general liability policies aforesaid on one of the three alternatives set forth in Appendix B hereto, to be selected by WMATA. Provided, however, in the event WMATA fails to inform LMC of its selected alternative within 30 days from the date of this Agreement, alternative A in Appendix B hereto shall be deemed to have been selected.

3. To provide construction contract surety bonds to small business and minority enterprises as requested by WMATA, subject to the terms of Appendix C hereto. The premium for such bonds shall be determined in accordance with LMC's applicable manuals, rules and rates in effect at the time of issuance. The premium and any SBA fee shall be payable by the principal under such bonds.

4. To accept NATLSCO and its claim and loss control service as meeting LMC's requirements set forth on the page of Appendix hereto, entitled "Special Servicing Requirements."

**SECTION B. NATLSCO AGREES:**

1. To provide workmen's compensation and general liability insurance loss control services consisting of the following:

(a) services of NATLSCO's Safety Services Division Manager on a two day per month basis to provide a periodic overview and evaluation of NATLSCO's total control assistance efforts.

(b) services of a full-time resident loss control service manager to provide daily supervision and direction of NATLSCO's loss control assistance efforts.

(c) services of full-time loss control field consultants to perform regular on-site safety inspections and to provide other appropriate assistance to WMATA in the development and implementation of its Metro System Safety Program. The number of field consultants will generally be maintained at a ratio of 1 consultant for each 10 heavy construction contracts.

(d) services of industrial hygienists and occupational health consultants, where appropriate or when specifically requested by WMATA, to evaluate occupational disease exposure and to assist in the development of necessary first aid and medical facilities, procedures and records.

2. To provide workmen's compensation and general liability claim services as follows:

(a) services of a full-time resident claim service manager to provide daily supervision and direction of NATLSCO's claim service efforts.

(b) services of full-time claim supervisors, claim adjusters and claim clerical personnel in sufficient numbers to adequately handle the volume of workmen's compensa-

tion and general liability claims with respect to which insurance is afforded under the terms of this Agreement.

(c) claim reporting procedures, investigation of all reported claims, establishment of appropriate claim files and reports, authorization of claim payments, assistance to attorneys elected by LMC and other functions usual to the rendering of insurance related claim service.

3. That NATLSCO's service fee for the above-described loss control and claim services will be at the rate of \$0.9377 per \$100.00 of payroll. The term "payroll" means the audited workmen's compensation payroll for all employees covered under the subject LMC insurance plan for WMATA. NATLSCO will bill WMATA on a monthly basis for an amount equal to one-twelfth of its total estimated annual service fee for a given year. Final adjustment of the total annual service fee will be subject to a payroll audit. It is also agreed that the annual service fee for any given year will be appropriately adjusted for variations in actual assigned claim service manpower from that estimated in NATLSCO's "Proposed Loss Control & Claim Services to WMATA", (Appendix D, hereto).

4. That all services set forth in Appendix D hereto shall be furnished by NATLSCO and in the event of conflict between those terms and the terms set forth in the foregoing paragraphs 1 through 3, the terms of Appendix D shall control.

#### SECTION C. WMATA AGREES:

1. To pay all service fees, premiums and advance premiums when due, as provided in this Agreement.

2. To reasonably and faithfully perform its safety obligations, and to give good faith consideration to the



recommendations of NATLSCO in the performance of its loss control services.

3. To apply to the District of Columbia City Council for a specific waiver of a regulation limiting the cancellation of insurance policies in the District of Columbia which became effective May 1, 1971, to the extent that such regulation relates to this Agreement or to the insurance agreed to be provided herein.

#### SECTION D. THE PARTIES HERETO MUTUALLY AGREE:

1. That the insurance and services to be provided hereunder shall be effective at 12:01 A.M., EDT, July 30, 1971. Subject to the terms of Appendix A, on the page entitled "General Comment", and to the terms of policies of insurance issued pursuant to this Agreement, and to the terms of cancellation hereinafter provided, this Agreement shall continue in force until 12:01 A.M., EDT, July 1, 1974 whereupon it shall terminate. Provided, however, the insurance agreed to be provided under the terms of Appendix C shall be effective at such dates and shall be issued for such terms as shall be appropriate under the circumstances, and such insurance shall not otherwise be subject to the terms of this paragraph D1.

2. That this Agreement may be terminated by any party hereto by giving to the other parties written notice stating when, not less than 90 days thereafter, such cancellation shall be effective. Provided, however,

(a) Any policy of insurance issued pursuant to this Agreement may be cancelled in the manner provided in such policy, except that as respects cancellation by WMATA or by LMC of any workmen's compensation or

general liability policy, not less than 90 days notice shall be given.

(b) In the event of cancellation of this Agreement by WMATA for any reason other than a cancellation of workmen's compensation or general liability insurance by LMC, WMATA agrees to fully reimburse NATLSCO for its various unrecovered start-up expenses incurred in the establishment of special office facilities and staff in Washington, D.C. These will amount to \$218,000 if cancellation is made during the first year and then decreasing uniformly down to \$28,000 at the end of the second year. Provided, however, that this subparagraph (b) shall not apply to any cancellation by WMATA effective on or after July 30, 1973.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and attested on their behalf by their duly authorized officers under their respective corporate seals on the day first above written.

ATTEST:

/s/ [Illegible]  
Title: Asst. Sec.

WASHINGTON METROPOLITAN TRANSIT AUTHORITY

By /s/ Selmer Ison  
Title: Contracting Off.

ATTEST:

/s/ [Illegible]  
Title: Secretary

LUMBERMENS MUTUAL CASUALTY COMPANY

By /s/ [Illegible]  
Title: Vice President

ATTEST:

/s/ [Illegible]  
Title: Secretary

NATIONAL LOSS CONTROL SERVICE CORPORATION

By /s/ [Illegible]  
Title: President